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TOWN OF MELVILLE, LOUISIANA

Financial Report

Year Ended September 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/3/10

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INDEPENDENT AUDITORS' REPORT

The Honorable Pamela H. Cannatella, Mayor
and Members of the Board of Aldermen
Town of Melville, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Melville, Louisiana, as of and for the year ended September 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Melville, Louisiana's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Melville, Louisiana, as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated January 4, 2010 on our consideration of the Town of Melville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be considered in assessing the results of our audit.

The required supplementary information on pages 34 through 36 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The prior year comparative information on the required supplementary information has been derived from the Town of Melville's 2008 financial statements, which was subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, was fairly presented in all material respects in relation to the basic financial statements taken on a whole.

The Town of Melville has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Melville's basic financial statements. The other supplementary information on pages 39 through 47 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Town of Melville, Louisiana. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The prior year comparative information on the other supplementary information has been derived from the Town of Melville's 2008 financial statements, which was subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, except for that portion marked "unaudited" on which we express no opinion, was fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
January 4, 2010

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

TOWN OF MELVILLE, LOUISIANA

Statement of Net Assets September 30, 2009

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$264,623	\$ 17,810	\$ 282,433
Receivables, net	13,542	87,953	101,495
Internal balances	47,924	(47,924)	-
Due from other governmental units	43,772	-	43,772
Prepaid items	13,470	6,758	20,228
Total current assets	<u>383,331</u>	<u>64,597</u>	<u>447,928</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	-	70,189	70,189
Capital assets:			
Land	92,159	-	92,159
Capital assets, net	<u>381,444</u>	<u>3,262,482</u>	<u>3,643,926</u>
Total noncurrent assets	<u>473,603</u>	<u>3,332,671</u>	<u>3,806,274</u>
Total assets	<u>856,934</u>	<u>3,397,268</u>	<u>4,254,202</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	13,809	6,769	20,578
Bonds payable	-	28,000	28,000
Accrued interest	-	7,147	7,147
Total current liabilities	<u>13,809</u>	<u>41,916</u>	<u>55,725</u>
Noncurrent liabilities:			
Customers' deposits	-	57,691	57,691
Bonds payable	-	592,304	592,304
Total noncurrent liabilities	<u>-</u>	<u>649,995</u>	<u>649,995</u>
Total liabilities	<u>13,809</u>	<u>691,911</u>	<u>705,720</u>
NET ASSETS			
Invested in capital assets, net of related debt	473,603	2,670,178	3,143,781
Unrestricted	<u>369,522</u>	<u>35,179</u>	<u>404,701</u>
Total net assets	<u>\$843,125</u>	<u>\$2,705,357</u>	<u>\$3,548,482</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF MELVILLE, LOUISIANA

Statement of Activities
For the Year Ended September 30, 2009

		Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
Activities		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government		\$ 147,788	\$ 58,616	\$ -	\$ (59,808)	\$ -	\$ (59,808)
Public safety:							
Police		139,084	22,097	16,702	(100,285)	-	(100,285)
Fire		44,348	-	13,625	(12,188)	-	(12,188)
Streets		128,199	-	300	(107,357)	-	(107,357)
Culture and recreation		20,933	-	-	(20,933)	-	(20,933)
Total governmental activities		<u>480,352</u>	<u>80,713</u>	<u>30,627</u>	<u>(300,571)</u>	<u>-</u>	<u>(300,571)</u>
Business-type activities:							
Gas		169,749	204,255	-	-	34,506	34,506
Water		133,807	137,192	-	-	3,385	3,385
Sewer		210,077	141,972	-	-	(68,105)	(68,105)
Total business-type activities		<u>513,633</u>	<u>483,419</u>	<u>-</u>	<u>-</u>	<u>(30,214)</u>	<u>(30,214)</u>
Total		<u>\$993,985</u>	<u>\$564,132</u>	<u>\$30,627</u>	<u>(300,571)</u>	<u>(30,214)</u>	<u>(330,785)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes							
Sales and use taxes, levied for general purposes							
Franchise taxes							
Grants and contributions not restricted to specific programs -							
State and parish sources							
Interest and investment earnings							
Insurance proceeds							
Miscellaneous							
Transfers							
Total general revenues and transfers							
Change in net assets							
Net assets - September 30, 2008							
Net assets - September 30, 2009							

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

General Fund

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Special Revenue Funds

1982 Sales Tax Fund -

To account for the receipt and use of proceeds of the Town's 1% sales and use tax. The tax is dedicated to the purposes of providing fire protection to the Town; providing for the operation, maintenance and improvements to the natural gas distribution system and water system of the Town; and paying general operating expenses for the Town.

1989 Sales Tax Fund -

To account for the receipt and use of proceeds of the Town's 1.2% sales and use tax. The tax is dedicated and used for the purposes of constructing, improving and maintaining public streets and bridges within the Town and maintaining and operating sewers and sewerage disposal facilities of the Town.

Debt Service Funds

General Obligation Bonds 08/14/91 Fund

To accumulate monies for payment of the 1991 \$155,000 General Obligation Bonds. Debt service is financed by the levy of a specific ad valorem tax.

Sales Tax Bonds 08/14/91 Fund

To accumulate monies for the payment of the 1991 \$450,000 Sales Tax Bonds. Debt service is financed from the 1989 Sales Tax Fund revenues.

Enterprise Fund

Utility Fund -

To account for the provision of gas, water, and sewer services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collections.

TOWN OF MELVILLE, LOUISIANA

Balance Sheet
Governmental Funds
September 30, 2009

ASSETS

	General	1982 Sales Tax Special Revenue	1989 Sales Tax Special Revenue	1991 General Obligation Bonds Fund	1991 Sales Tax Bonds Fund	Totals
Cash and interest-bearing deposits	\$185,574	\$ 64,126	\$ 1,609	\$13,314	\$ -	\$264,623
Receivables:						
Taxes	6,579	-	-	6,963	-	13,542
Due from other funds	28,727	35,767	66,466	-	27,711	158,671
Due from other governmental agencies	29,502	14,270	-	-	-	43,772
Prepaid items	13,470	-	-	-	-	13,470
Total assets	<u>\$263,852</u>	<u>\$114,163</u>	<u>\$68,075</u>	<u>\$20,277</u>	<u>\$27,711</u>	<u>\$494,078</u>

LIABILITIES AND FUND BALANCES

Liabilities:						
Accounts payable	\$ 11,678	\$ -	\$ -	\$ -	\$ -	\$ 11,678
Accrued liabilities	2,131	-	-	-	-	2,131
Due to other funds	-	79,192	20,905	-	10,650	110,747
Total liabilities	<u>13,809</u>	<u>79,192</u>	<u>20,905</u>	<u>-</u>	<u>10,650</u>	<u>124,556</u>
Fund balances -						
Reserved for prepaid items	13,470	-	-	-	-	13,470
Unreserved	236,573	34,971	47,170	20,277	17,061	356,052
Total fund balances	<u>250,043</u>	<u>34,971</u>	<u>47,170</u>	<u>20,277</u>	<u>17,061</u>	<u>369,522</u>
Total liabilities and fund balances	<u>\$263,852</u>	<u>\$114,163</u>	<u>\$68,075</u>	<u>\$20,277</u>	<u>\$27,711</u>	<u>\$494,078</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF MELVILLE, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
September 30, 2009

Total fund balances for governmental funds at September 30, 2009 \$369,522

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$ 92,159	
Buildings and improvements, net of \$358,171 accumulated depreciation	92,444	
Infrastructure, net of \$28,577 accumulated depreciation	9,602	
Equipment and vehicles, net of \$195,100 accumulated depreciation	<u>279,398</u>	<u>473,603</u>

Total net assets of governmental activities at September 30, 2009 \$843,125

The accompanying notes are an integral part of the basic financial statements.

TOWN OF MELVILLE, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Governmental Funds
For the Year Ended September 30, 2009

	General	1982 Sales Tax Special Revenue	1989 Sales Tax Special Revenue	1991 General Obligation Bonds Fund	1991 Sales Tax Bonds Fund	Totals
Revenues:						
Taxes	\$ 82,206	\$ 61,022	\$ 73,099	\$ 19,498	\$ -	\$ 235,825
Licenses and permits	35,406	-	-	-	-	35,406
Intergovernmental	134,497	32,160	-	-	-	166,657
Fines and forfeits	22,097	-	-	-	-	22,097
Miscellaneous	180,012	80	-	251	-	180,343
Total revenues	<u>454,218</u>	<u>93,262</u>	<u>73,099</u>	<u>19,749</u>	<u>-</u>	<u>640,328</u>
Expenditures:						
Current -						
General government	131,949	1,143	811	-	-	133,903
Public safety:						
Police	85,478	47,063	-	-	-	132,541
Fire	20,691	3,311	-	-	-	24,002
Highways and streets	118,269	148	-	-	-	118,417
Culture and recreation	20,933	-	-	-	-	20,933
Capital outlay	29,847	26,202	-	-	-	56,049
Debt service	-	-	-	32,275	17,156	49,431
Total expenditures	<u>407,167</u>	<u>77,867</u>	<u>811</u>	<u>32,275</u>	<u>17,156</u>	<u>535,276</u>
Excess (deficiency) of revenues over expenditures	<u>47,051</u>	<u>15,395</u>	<u>72,288</u>	<u>(12,526)</u>	<u>(17,156)</u>	<u>105,052</u>
Other financing sources (uses):						
Transfers in	117,585	65,116	-	-	17,156	199,857
Transfers out	-	(54,756)	(71,601)	-	-	(126,357)
Total other financing sources (uses)	<u>117,585</u>	<u>10,360</u>	<u>(71,601)</u>	<u>-</u>	<u>17,156</u>	<u>73,500</u>
Net changes in fund balances	164,636	25,755	687	(12,526)	-	178,552
Fund balances, beginning	85,407	9,216	46,483	32,803	17,061	190,970
Fund balances, ending	<u>\$ 250,043</u>	<u>\$ 34,971</u>	<u>\$ 47,170</u>	<u>\$ 20,277</u>	<u>\$ 17,061</u>	<u>\$ 369,522</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF MELVILLE, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2009

Total net changes in fund balances at September 30, 2009 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 178,552
The change in net assets reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 56,049	
Depreciation expense for the year ended September 30, 2009	<u>(52,410)</u>	3,639
Principal paid on long term debt considered as an expenditure on statement		46,894
Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis		<u>4,391</u>
Total changes in net assets at September 30, 2009 per Statement of Activities		<u>\$ 233,476</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF MELVILLE, LOUISIANA

Statement of Net Assets Proprietary Fund September 30, 2009

ASSETS

Current assets:	
Interest-bearing deposits, at cost	\$ 17,810
Receivables:	
Accounts receivable, net	87,953
Prepaid items	<u>6,758</u>
Total current assets	<u>112,521</u>
Noncurrent assets:	
Restricted assets -	
Cash	425
Interest-bearing deposits, at cost	69,764
Capital assets, net of accumulated depreciation	<u>3,262,482</u>
Total noncurrent assets	<u>3,332,671</u>
Total assets	<u>3,445,192</u>

LIABILITIES

Current liabilities:	
Accounts payable	6,057
Other liabilities	712
Due to other funds	47,924
Payable from restricted assets -	
Revenue bonds	28,000
Accrued interest	<u>7,147</u>
Total current liabilities	<u>89,840</u>
Noncurrent liabilities:	
Customers' deposits	57,691
Revenue bonds payable	<u>592,304</u>
Total noncurrent liabilities	<u>649,995</u>
Total liabilities	<u>739,835</u>

NET ASSETS

Invested in capital assets, net of related debt	2,670,178
Unrestricted	<u>35,179</u>
Total net assets	<u>\$2,705,357</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF MELVILLE, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Assets -
Proprietary Fund
For the Year Ended September 30, 2009

Operating revenues:	
Charges for services -	
Gas sales	\$ 200,670
Water sales	134,720
Sewer sales	139,500
Delinquent charges	5,967
Miscellaneous -	
Other	<u>2,562</u>
Total operating revenues	<u>483,419</u>
Operating expenses:	
Gas department expenses	130,335
Water department expenses	83,023
Sewer department expenses	89,085
Gas department depreciation	39,414
Water department depreciation	50,784
Sewer department depreciation	<u>81,274</u>
Total operating expenses	<u>473,915</u>
Operating income	<u>9,504</u>
Nonoperating revenues (expenses):	
Interest income	691
Interest expense	<u>(39,718)</u>
Total nonoperating expenses	<u>(39,027)</u>
Loss before transfers	<u>(29,523)</u>
Transfers out	<u>(73,500)</u>
Change in net assets	(103,023)
Net assets, beginning	<u>2,808,380</u>
Net assets, ending	<u>\$2,705,357</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF MELVILLE, LOUISIANA

Statement of Cash Flows -
Proprietary Fund
For the Year Ended September 30, 2009

Cash flows from operating activities:	
Receipts from customers	478,294
Payments to suppliers	(252,541)
Payments to employees	(68,261)
Other receipts	<u>2,562</u>
Net cash provided by operating activities	<u>160,054</u>
Cash flows from noncapital financing activities:	
Transfer to other funds	<u>(73,500)</u>
Net cash used for noncapital financing activities	<u>(73,500)</u>
Cash flows from capital and related financing activities:	
Principal paid on revenue bonds	(28,137)
Interest and paying agent fees paid on revenue bonds	(40,024)
Purchase of property, plant and equipment	(1,785)
Increase in customers' deposits	<u>468</u>
Net cash used for capital and related financing activities	<u>(69,478)</u>
Cash flows from investing activities:	
Interest received on interest-bearing deposits	<u>691</u>
Net increase in cash and cash equivalents	17,767
Cash, cash equivalents and restricted cash, beginning of period	<u>70,232</u>
Cash, cash equivalents and restricted cash, end of period	<u>\$ 87,999</u>

(continued)

TOWN OF MELVILLE, LOUISIANA

Statement of Cash Flows -
Proprietary Fund (Continued)
For the Year Ended September 30, 2009

Reconciliation of operating income to net cash provided by
operating activities:

Operating income	\$ 9,504
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Adjustments to reconcile operating increase to net cash provided by
operating activities:

Depreciation	171,472
Changes in current assets and liabilities:	
Increase in accounts receivable	(2,563)
Decrease in prepaid items	4,886
Decrease in accounts payable	(23,381)
Increase in other accrued liabilities	<u>136</u>
Net cash provided by operating activities	<u>\$ 160,054</u>

Reconciliation of cash and cash equivalents per statement of cash
flows to the balance sheet:

Cash and cash equivalents, beginning of period -	
Interest-bearing deposits - restricted	\$ 58,814
Interest-bearing deposits - unrestricted	<u>11,418</u>
Total	<u>70,232</u>
Cash and cash equivalents, end of period -	
Interest-bearing deposits - restricted	70,189
Interest-bearing deposits - unrestricted	<u>17,810</u>
Total	<u>87,999</u>
Net increase	<u>\$ 17,767</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF MELVILLE, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Melville (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The Town of Melville was incorporated under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government.

This report includes all funds that are controlled by or dependent on the Town's executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Based on the foregoing criteria, there are no component unit governmental organizations that are included as part of the Town.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

TOWN OF MELVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

All funds of the Town are considered to be major funds and are described below:

Governmental Funds -

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

TOWN OF MELVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Proprietary Funds -

Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net assets and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

TOWN OF MELVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Basis of Accounting

In the government-wide statement of net assets and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. Debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

D. Assets, Liabilities and Equity

Cash, and interest-bearing deposits

For purposes of the statement of net assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Town. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit with an original maturity of three months or less.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets.

TOWN OF MELVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes, and franchise fees. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible utility service receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectibles for customers' utility receivables was \$44,319 at September 30, 2009. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are not recorded due to immateriality at September 30, 2009.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or fund financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	40 years
Equipment and vehicles	3-10 years
Utility system and improvements	10-50 years
Infrastructure	40 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

TOWN OF MELVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and utility meter deposits.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of revenue bonds payable and utility meter deposits payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund financial statements as it is in the government-wide statements.

Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid. Each full-time, permanent employee earns five days of sick leave per year up to a maximum of thirty days for major illness. Employees who resign or retire or who are dismissed from employment shall not be paid for any accrued sick leave. Employees may not carry over or accumulate annual leave or sick leave from one anniversary date to another. Any liability the town might have in this regard at September 30, 2009 is considered immaterial; therefore, no liability has been recorded in the accounts.

Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

TOWN OF MELVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

TOWN OF MELVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

F. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales Tax	See Note 9
Gas and sewer utility revenue	See Note 8

The Town uses unrestricted resources only when restricted resources are fully depleted.

G. Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Town Clerk prepares a proposed operating budget for the fiscal year and submits it to the Mayor and Board of Aldermen not later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfers of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of the fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

TOWN OF MELVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

H. Capitalization of Interest Expense

It is the policy of the Town of Melville to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. No interest was capitalized for the year ended September 30, 2009.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ materially from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 2009, the Town had cash and interest-bearing deposits (book balances) totaling \$352,622, as follows:

Demand deposits	\$253,537
Money market accounts	99,085
Total	<u>\$352,622</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the Town or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at September 30, 2009 are secured as follows:

Bank balances	<u>\$354,129</u>
Federal deposit insurance	349,044
Pledged securities (Category 3)	<u>5,085</u>
Total federal insurance and pledged securities	<u>\$354,129</u>

As of September 30, 2009, the Town's total bank balances were fully insured and collateralized with securities held in the name of the Town by the pledging financial institution's agent and, therefore, not exposed to custodial credit risk.

TOWN OF MELVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to taxpayers in December. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of St. Landry Parish. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year ended September 30, 2009, taxes of 14.34 mills were levied on property with assessed valuations totaling \$2,687,230 and were dedicated as follows:

General corporate purposes	6.41 mills
Debt service	7.93 mills

Total taxes levied were \$38,535. Uncollected ad valorem taxes at September 30, 2009 amounted to \$13,542.

(4) Due from Other Governmental Units

Amounts due from other governmental units at September 30, 2009 consisted of the following:

Amount due for franchise and state taxes	\$ 6,104
Amount due from the State of Louisiana for Racino gaming revenues earned during the month of September 2009	2,857
Amount due from Federal Emergency Management Assistance for reimbursement of expenditures incurred for removal of debris resulting from a hurricane	30,686
Amount due from the United States Department of Agriculture for reimbursement of expenditures for fire department communication equipment.	4,125
Total	<u>\$43,772</u>

(5) Restricted Assets – Proprietary Fund Type

Restricted assets consisted of the following at September 30, 2009:

Gas bond and interest sinking fund	\$ 22
Sewer bond and interest sinking fund	4,307
Gas bond reserve fund	403
Sewer bond reserve fund	9,379
Sewer bond depreciation and contingency fund	9,359
Customers' deposits	46,719
Totals	<u>\$ 70,189</u>

TOWN OF MELVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(6) Capital Assets

Capital asset activity for the year ended September 30, 2009 was as follows:

	Balance 10/01/08	Additions	Deletions	Balance 09/30/09
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 92,159	\$ -	\$ -	\$ 92,159
Other capital assets:				
Buildings and improvements	446,475	4,140	-	450,615
Infrastructure	38,179	-	-	38,179
Equipment and vehicles	423,789	51,909	1,200	474,498
Totals	<u>1,000,602</u>	<u>56,049</u>	<u>1,200</u>	<u>1,055,451</u>
Less accumulated depreciation				
Buildings and improvements	347,120	11,051	-	358,171
Infrastructure	24,762	3,815	-	28,577
Equipment and vehicles	158,756	37,544	1,200	195,100
Total accumulated depreciation	<u>530,638</u>	<u>52,410</u>	<u>1,200</u>	<u>581,848</u>
Governmental activities, capital assets, net	<u>\$ 469,964</u>	<u>\$ 3,639</u>	<u>\$ -</u>	<u>\$ 473,603</u>
Business-type activities:				
Gas distribution system	\$1,409,186	\$ -	\$ -	\$1,409,186
Water distribution system	1,602,659	-	-	1,602,659
Sewer distribution system	3,508,335	1,785	-	3,510,120
Totals	<u>6,520,180</u>	<u>1,785</u>	<u>-</u>	<u>6,521,965</u>
Less accumulated depreciation				
Gas distribution system	1,020,109	39,414	-	1,059,523
Water distribution system	637,789	50,784	-	688,573
Sewer distribution system	1,430,113	81,274	-	1,511,387
Total accumulated depreciation	<u>3,088,011</u>	<u>171,472</u>	<u>-</u>	<u>3,259,483</u>
Business-type activities, capital assets, net	<u>\$3,432,169</u>	<u>\$(169,687)</u>	<u>\$ -</u>	<u>\$3,262,482</u>

TOWN OF MELVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$13,885
Police	6,543
Fire	20,346
Streets	<u>11,636</u>
Total depreciation expense	<u>\$52,410</u>

Depreciation expense was charged to business-type activities as follows:

Gas	\$ 39,414
Water	50,784
Sewer	<u>81,274</u>
Total depreciation expense	<u>\$171,472</u>

(7) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Town for the year ended September 30, 2009:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>
Long-term debt payable, October 1, 2008	\$ 46,894	\$648,441
Long-term debt issued	-	-
Long-term debt retired	<u>(46,894)</u>	<u>(28,137)</u>
Long-term debt payable, September 30, 2009	<u>\$ -</u>	<u>\$620,304</u>

Long-term debt payable at September 30, 2009 is comprised of the following individual issues:

Revenue bonds:

\$985,500 Municipal Sewer System bonds dated 7/25/83; due in annual installments of \$29,000 - \$65,000 through 7/25/23; interest at 5.0 percent and 7.12 percent.	<u>\$620,304</u>
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TOWN OF MELVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The long-term debt is due as follows:

<u>Year Ending September 30,</u>	<u>Business-type Activities</u>	
	<u>Principal payments</u>	<u>Interest payments</u>
2010	\$ 28,000	\$ 38,935
2011	29,000	37,216
2012	31,000	35,426
2013	34,000	33,515
2014	36,000	31,411
2015-2019	224,000	120,330
2020-2023	<u>238,304</u>	<u>42,076</u>
Total	<u>\$ 620,304</u>	<u>\$ 338,909</u>

(8) Flow of Funds; Restrictions on Use - Utilities Revenues

Under the terms of the bond agreement on outstanding Municipal Sewer System revenue bonds dated July 25, 1983, all revenues derived from operation of the Utility System will be pledged and dedicated to the retirement of said bonds upon completion of the sewer project and are to be set aside into the following funds:

On the bond issue, each month there will be set aside into a revenue bond and interest sinking fund account an amount consisting of 1/12 of the next installment of principal and interest on the outstanding bonds. Such payments must be made on or before the 20th day of each month to assure the prompt payment of the principal and interest installments as they become due and may be used only for such payments.

Commencing with the first month in which the sewer project has been completed, 5% of the amount to be paid into the sinking fund account each month must be deposited into a reserve account until the sewer reserve fund has a balance of \$71,245.

Also, commencing with the first month in which the sewer project has been completed, \$284 shall be deposited each month into a sewer depreciation and contingency fund.

The Town of Melville was not in compliance with its bond agreements prior to the current fiscal year ended September 30, 2009; however, the Town did make all of its monthly transfers into the restricted accounts as required by the bond indentures during 2009.

TOWN OF MELVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(9) Dedication of Proceeds and Flow of Funds - Sales and Use Taxes

- A. Proceeds of a 1 percent sales and use tax originally approved by the voters of the Town on September 11, 1982, renewed on August 1, 2008 for ten years and levied by the Town of Melville (2009 collections \$61,022) are dedicated to the following purposes:

Providing fire protection to the Town; providing for the operation, maintenance and improvement of the natural gas distribution system and water system of the Town; and paying general operating expenses of the Town.

- B. Proceeds of a 1.2 percent sales and use tax approved by voters of the Town on November 18, 1989 and levied by the Town of Melville for a period of twenty years from the date of the first levy of the tax (2009 collections \$73,099); renewed on October 17, 2009 for a period of twenty years and are dedicated to the following purposes:

Constructing, improving, and maintaining public streets and bridges within the Town and maintaining and operating sewers and sewerage disposal facilities of the Town.

(10) Retirement Commitments

All employees of the Town of Melville participate in the Social Security system. The Town and its employees contribute a percentage of each employee's salary to the system (7.65 percent contributed by the Town and 7.65 percent by the employee). The Town's contributions during the years ended September 30, 2009, 2008 and 2007 amounted to \$17,196, \$17,594, and \$18,571, respectively.

(11) Natural Gas Contract

Under a contract renewed annually, the Town of Melville purchases its natural gas from LMGA. During the fiscal year ended September 30, 2009 the Town's natural gas purchases amounted to \$84,886.

(12) Risk Management

The Town is exposed to risks of loss in the areas of general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

TOWN OF MELVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(13) Segment Information - Enterprise Fund

The Town of Melville maintains three utility departments within its enterprise fund that provide gas, water, and sewer services. Segment information for the year ended September 30, 2009 was as follows:

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Total Enterprise Fund</u>
Operating revenues	<u>\$204,255</u>	<u>\$137,192</u>	<u>\$141,972</u>	<u>\$483,419</u>
Operating expenses:				
Depreciation	39,414	50,784	81,274	171,472
Other	<u>130,335</u>	<u>83,023</u>	<u>89,085</u>	<u>302,443</u>
Total operating expenses	<u>169,749</u>	<u>133,807</u>	<u>170,359</u>	<u>473,915</u>
Operating income (loss)	<u>\$ 34,506</u>	<u>\$ 3,385</u>	<u>\$ (28,387)</u>	<u>\$ 9,504</u>

(14) Litigation and Claims

At September 30, 2009, the Town was involved in one lawsuit. It is the opinion of management, after conferring with legal counsel, that the liability, if any, which might arise from this lawsuit would not have a material adverse effect on the Town's financial position.

(15) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended September 30, 2009 follows:

Pamela H. Cannatella	\$ 4,500
Aldermen:	
Marshall Bertrand	1,300
Veronica D. LeBlanc	1,300
Christien Vaughn	1,300
James Fontenot	250
Denise Oliney Rose	1,300
William E. Triplette	<u>1,050</u>
	<u>\$11,000</u>

TOWN OF MELVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(16) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at September 30, 2009:

Due to the General Fund from the 1982 Sales Tax Fund for reimbursement for expenditures paid	\$ 12,727
Due to the General Fund from the 1989 Sales Tax Fund for reimbursement for expenditures paid	6,000
Due to the General Fund from the Utility Fund for reimbursement for expenditures paid.	10,000
Due to the 1982 Sales Tax Fund from the Utility Fund for reimbursement for expenditures paid	25,117
Due to the 1991 Sales Tax Bond Fund from the Utility Fund for reimbursement for expenditures paid	12,806
Due to the 1982 Sales Tax Fund from the 1991 Sales Tax Bonds Fund for reimbursement for expenditures paid	10,650
Due to the 1989 Sales Tax Fund from the 1982 Sales Tax Fund for reimbursement for expenditures paid	66,466
Due to the 1991 Sales Tax Bond Fund from the 1989 Sales Tax Fund for reimbursement for expenditures paid	14,905
Total	<u>\$ 158,671</u>

B. Transfers

Transfers consisted of the following at September 30, 2009:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 117,585	\$ -
1982 Sales Tax Special Revenue Fund	65,116	54,756
1989 Sales Tax Special Revenue Fund	-	71,601
1991 Sales Tax Bonds Fund	17,156	-
Proprietary Fund:		
Utility Fund	-	73,500
Total	<u>\$ 199,857</u>	<u>\$ 199,857</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWN OF MELVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended September 30, 2009
With Comparative Totals For the Year Ended September 30, 2008

	2009			
	Budget		Variance -	2008
	Original	Final	Final Budget Favorable (Unfavorable)	Actual
Revenues:				
Taxes	\$ 77,000	\$ 78,000	\$ 4,206	\$ 79,782
Licenses and permits	36,200	36,350	(944)	35,395
Intergovernmental	92,000	117,700	16,797	83,605
Fines and forfeits	22,000	20,000	2,097	22,629
Miscellaneous	254,300	171,150	8,862	50,307
Total revenues	481,500	423,200	31,018	271,718
Expenditures:				
Current -				
General government	155,575	158,575	26,626	132,955
Public safety:				
Police	101,500	93,400	7,922	93,089
Fire	16,100	23,400	2,709	9,634
Highways and streets	106,860	127,800	9,531	83,414
Culture and recreation	217,900	24,200	3,267	11,138
Capital outlay	-	18,700	(11,147)	12,633
Debt service	2,000	2,000	2,000	-
Total expenditures	599,935	448,075	40,908	342,863
Excess (deficiency) of revenues over expenditures	(118,435)	(24,875)	71,926	(71,145)
Other financing sources:				
Transfers from Utility Fund	75,000	66,500	7,000	80,500
Transfers from 1982 Sales Tax Fund	40,000	37,600	-	29,500
Transfers from 1989 Sales Tax Fund	-	-	6,485	-
Total other financing sources	115,000	104,100	13,485	110,000
Net change in fund balance	(3,435)	79,225	85,411	38,855
Fund balance, beginning	85,407	85,407	-	46,552
Fund balance, ending	\$ 81,972	\$ 164,632	\$ 85,411	\$ 85,407

TOWN OF MELVILLE, LOUISIANA
1982 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended September 30, 2009
With Comparative Totals For the Year Ended September 30, 2008

	2009				
	Budget			Variance - Final Budget Favorable (Unfavorable)	2008 Actual
	Original	Final	Actual		
Revenues:					
Taxes - sales taxes	\$58,000	\$60,000	\$61,022	\$ 1,022	\$62,058
Fire insurance rebate	8,250	8,400	8,390	(10)	8,215
Federal emergency management assistance	-	10,125	10,145	20	-
Rural development federal grant	-	4,125	4,125	-	143,000
Act 19 state grant	-	9,500	9,500	-	-
Miscellaneous -					
Other	800	100	80	(20)	1,063
Total revenues	<u>67,050</u>	<u>92,250</u>	<u>93,262</u>	<u>1,012</u>	<u>214,336</u>
Expenditures:					
Current -					
General government	800	1,410	1,143	267	621
Public safety:					
Police	55,400	49,200	47,063	2,137	54,535
Fire	9,600	9,000	3,311	5,689	10,284
Highways and streets	-	200	148	52	-
Capital outlay	-	27,000	26,202	798	145,000
Total expenditures	<u>65,800</u>	<u>86,810</u>	<u>77,867</u>	<u>8,943</u>	<u>210,440</u>
Excess of revenues over expenditures	<u>1,250</u>	<u>5,440</u>	<u>15,395</u>	<u>9,955</u>	<u>3,896</u>
Other financing sources (uses):					
Transfers from 1989 Sales Tax Fund	-	-	65,116	65,116	75,044
Transfer to General Fund	-	-	(37,600)	(37,600)	(29,500)
Transfer to Sales Tax Bond Fund	-	-	(17,156)	(17,156)	(41,175)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>10,360</u>	<u>10,360</u>	<u>4,369</u>
Net change in fund balance	1,250	5,440	25,755	20,315	8,265
Fund balance, beginning	<u>9,216</u>	<u>9,216</u>	<u>9,216</u>	<u>-</u>	<u>951</u>
Fund balance, ending	<u>\$10,466</u>	<u>\$14,656</u>	<u>\$34,971</u>	<u>\$ 20,315</u>	<u>\$ 9,216</u>

TOWN OF MELVILLE, LOUISIANA
1989 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended September 30, 2009
With Comparative Totals For the Year Ended September 30, 2008

	2009				
	Budget			Variance - Final Budget Favorable (Unfavorable)	2008 Actual
	Original	Final	Actual		
Revenues:					
Taxes - sales taxes	\$78,000	\$ 73,500	\$ 73,099	\$ (401)	\$75,666
Miscellaneous -					
Interest	<u>100</u>	<u>100</u>	<u>-</u>	<u>(100)</u>	<u>-</u>
Total revenues	<u>78,100</u>	<u>73,600</u>	<u>73,099</u>	<u>(501)</u>	<u>75,666</u>
Expenditures:					
Current -					
General government:					
Collection fees	780	900	805	95	622
Miscellaneous	<u>100</u>	<u>100</u>	<u>6</u>	<u>94</u>	<u>-</u>
Total expenditures	<u>880</u>	<u>1,000</u>	<u>811</u>	<u>189</u>	<u>622</u>
Excess of revenues over expenditures	<u>77,220</u>	<u>72,600</u>	<u>72,288</u>	<u>(312)</u>	<u>75,044</u>
Other financing uses:					
Transfers to General Fund	(40,000)	(37,600)	(6,485)	31,115	-
Transfers to 1982 Sales Tax Fund	-	-	(65,116)	(65,116)	(75,044)
Transfers to 1991 Sales Tax Bond Fund	<u>(41,175)</u>	<u>(41,175)</u>	<u>-</u>	<u>41,175</u>	<u>-</u>
Total other financing uses	<u>(81,175)</u>	<u>(78,775)</u>	<u>(71,601)</u>	<u>7,174</u>	<u>(75,044)</u>
Net change in fund balance	(3,955)	(6,175)	687	6,862	-
Fund balance, beginning	<u>46,483</u>	<u>46,483</u>	<u>46,483</u>	<u>-</u>	<u>46,483</u>
Fund balance, ending	<u>\$42,528</u>	<u>\$ 40,308</u>	<u>\$ 47,170</u>	<u>\$ 6,862</u>	<u>\$46,483</u>

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

TOWN OF MELVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended September 30, 2009
With Comparative Totals For the Year Ended September 30, 2008

	2009			Variance with Final Budget Favorable (Unfavorable)	2008 Actual
	Budget		Actual		
	Original	Final			
Taxes:					
Ad valorem tax	\$ 17,000	\$ 16,500	\$ 16,276	\$ (224)	\$ 17,076
Franchise fees:					
Slemco	56,000	59,000	63,065	4,065	60,970
Cable TV	4,000	2,500	2,865	365	1,736
Total taxes	77,000	78,000	82,206	4,206	79,782
Licenses and permits:					
Occupational licenses	36,000	36,000	35,066	(934)	35,175
Building permits	200	350	340	(10)	220
Total licenses and permits	36,200	36,350	35,406	(944)	35,395
Intergovernmental:					
Federal -					
Federal Emergency Management Asst.	-	-	20,542	20,542	-
State of Louisiana -					
Beer taxes	2,000	2,000	1,789	(211)	1,920
Video poker	6,500	-	-	-	6,249
DOTD grant	26,000	26,000	25,680	(320)	25,780
Racino gaming	45,500	44,000	40,420	(3,580)	40,885
Police assistance grant	-	16,700	16,702	2	3,220
St. Landry Parish -					
Housing Authority	3,000	-	-	-	5,551
Solid Waste Commission	9,000	29,000	29,364	364	-
Total intergovernmental	92,000	117,700	134,497	16,797	83,605
Fines and forfeits	22,000	20,000	22,097	2,097	22,629
Miscellaneous:					
Insurance reimbursement	50,000	145,000	143,958	(1,042)	-
Rent on buildings	17,500	21,750	23,210	1,460	19,150
Catfish festival	-	-	70	70	11,129
LWCC Dividend	-	1,500	-	(1,500)	-
Donations	-	-	300	300	1,000
Grants	175,500	-	-	-	4,030
Other	11,300	2,900	12,474	9,574	14,998
Total miscellaneous	254,300	171,150	180,012	8,862	50,307
Total revenues	\$481,500	\$423,200	\$454,218	\$ 31,018	\$271,718

TOWN OF MELVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended September 30, 2009
With Comparative Totals For the Year Ended September 30, 2008

	2009			Variance with Final Budget Favorable	2008
	Budget		Actual	(Unfavorable)	Actual
	Original	Final			
General government:					
Salaries - mayor and aldermen	\$11,000	\$11,000	\$11,000	\$ -	\$ 10,900
Other salaries and wages	36,050	36,050	37,888	(1,838)	34,584
Travel	3,000	2,500	2,740	(240)	2,413
Payroll taxes	4,200	4,000	3,732	268	3,504
Insurance	30,000	25,000	18,331	6,669	20,317
Dues	500	1,500	977	523	887
Office expenditures	10,500	13,700	12,547	1,153	13,210
Professional fees	14,000	14,000	13,273	727	13,610
Utilities	1,000	2,000	745	1,255	590
Telephone	5,000	4,000	3,506	494	5,305
Repairs and maintenance	2,000	2,500	1,472	1,028	2,094
Supplies	2,000	2,000	1,358	642	1,128
Advertising	4,500	3,500	2,319	1,181	4,782
Community activities	-	1,500	910	590	4,327
Tax roll preparation	925	925	841	84	925
Miscellaneous	2,000	2,000	941	1,059	1,558
Uniforms	300	300	158	142	465
Hurricane expenditures	25,000	25,000	12,955	12,045	9,842
Election expenditures	-	500	268	232	2,514
Consultant fees	3,600	3,600	3,000	600	-
Legal	-	3,000	2,988	12	-
Total general government	155,575	158,575	131,949	26,626	132,955
Public safety:					
Police department -					
Salaries	56,650	46,000	44,904	1,096	53,701
Payroll taxes	5,500	6,200	3,555	2,645	4,311
Insurance	16,000	16,000	16,657	(657)	13,052
Utilities	2,000	2,200	2,058	142	1,831
Gasoline	5,000	4,000	3,017	983	6,340
Telephone	5,100	4,000	3,136	864	4,740
Office expense	1,200	2,500	2,133	367	1,146
Conventions and conferences	900	900	578	322	794
Coroner fees	900	800	600	200	750
Criminal analysis	200	100	268	(168)	-
Auto expenditures	4,500	6,000	5,198	802	4,276
Radio and radar	800	500	535	(35)	195
Supplies	500	700	559	141	352
Uniforms	550	1,500	1,302	198	527
Dues	200	200	175	25	200
Repairs and maintenance	500	200	-	200	352
Miscellaneous	300	900	365	535	33
Prisoners' meals	700	700	438	262	489
Total police department	101,500	93,400	85,478	7,922	93,089
Fire department -					
Auto expenditures	2,000	500	930	(430)	1,055
Maintenance and supplies	1,100	600	229	371	482
Insurance	10,000	11,000	9,117	1,883	5,469
Utilities	1,000	800	573	227	714
Gasoline	1,000	1,000	616	384	1,081
Telephone	1,000	1,000	871	129	833
Repairs and maintenance	-	-	275	(275)	-
Hurricane expenditures	-	8,500	8,080	420	-
Total fire department	16,100	23,400	20,691	2,709	9,634
Total public safety	117,600	116,800	106,169	10,631	102,723

(continued)

TOWN OF MELVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended September 30, 2009
With Comparative Totals For the Year Ended September 30, 2008

	2009			Variance with Final Budget Favorable (Unfavorable)	2008 Actual
	Budget		Actual		
	Original	Final			
Highways and streets:					
Salaries	\$ 32,960	\$ 26,000	\$ 25,750	\$ 250	\$ 30,545
Payroll taxes	3,000	2,200	1,750	450	2,098
Insurance	14,000	14,000	13,490	510	10,924
Repairs and maintenance	3,000	10,000	8,360	1,640	1,499
Equipment maintenance	1,000	1,500	1,051	449	1,140
Utilities	6,000	6,000	5,734	266	5,616
Tractor expenditures	7,000	4,000	3,852	148	9,197
Shell, asphalt, and dirt	1,000	3,500	2,915	585	719
Solid waste expenditures	9,000	29,000	38,980	(9,980)	840
Auto expenditures	5,000	3,500	2,396	1,104	3,541
Gasoline	3,000	3,000	1,257	1,743	2,278
Diesel	4,000	3,000	2,132	868	3,336
Animal control	200	800	678	122	181
Supplies	6,000	5,000	3,973	1,027	6,254
Telephone	1,000	1,000	799	201	852
Grass cutting	500	500	-	500	275
Uniforms	1,000	4,500	3,887	613	4,046
Litter abatement	9,000	9,000	-	9,000	-
Miscellaneous	200	1,300	1,265	35	73
Total highways and streets	106,860	127,800	118,269	9,531	83,414
Culture and recreation:					
Community activities	800	900	782	118	614
Utilities	6,000	6,000	5,923	77	5,437
Telephone	800	800	689	111	614
Insurance	6,000	11,500	8,249	3,251	1,564
Supplies	800	2,000	1,425	575	619
Grant expense	175,000	-	-	-	-
Repairs and maintenance	1,500	2,000	2,887	(887)	676
Hurricane expenditures	25,000	-	-	-	-
Miscellaneous	2,000	1,000	978	22	1,614
Total culture and recreation	217,900	24,200	20,933	3,267	11,138
Capital outlay:					
General and administrative					
Buildings	-	-	4,140	(4,140)	-
Equipment	-	-	1,416	(1,416)	-
Building improvements	-	-	-	-	7,490
Public safety -					
Police:					
Equipment	-	13,500	14,360	(860)	3,793
Highways and streets -					
Equipment	-	-	-	-	550
Fire Department					
Equipment	-	5,200	9,931	(4,731)	800
Total capital outlay	-	18,700	29,847	(11,147)	12,633
Debt service:					
Principal	2,000	2,000	-	2,000	-
Total debt service	2,000	2,000	-	2,000	-
Total expenditures	\$599,935	\$448,075	\$407,167	\$ 40,908	\$342,863

TOWN OF MELVILLE, LOUISIANA
General Obligation Bonds 08/14/91 Debt Service Fund

Budgetary Comparison Schedule
For the Year Ended September 30, 2009
With Comparative Totals For the Year Ended September 30, 2008

	2009			Variance with	
	Budget			Final Budget	2008
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Favorable (Unfavorable)	<u>Actual</u>
Revenues:					
Taxes - ad valorem	\$20,000	\$20,000	\$19,498	\$ (502)	\$20,305
Miscellaneous -					
Interest	<u>200</u>	<u>300</u>	<u>251</u>	<u>(49)</u>	<u>209</u>
Total revenues	<u>20,200</u>	<u>20,300</u>	<u>19,749</u>	<u>(551)</u>	<u>20,514</u>
Expenditures:					
Debt service-					
Principal retirement	9,500	29,500	30,323	(823)	10,878
Interest and fiscal charges	<u>3,878</u>	<u>3,878</u>	<u>1,952</u>	<u>1,926</u>	<u>2,500</u>
Total expenditures	<u>13,378</u>	<u>33,378</u>	<u>32,275</u>	<u>1,103</u>	<u>13,378</u>
Excess (deficiency) of revenues over expenditures	6,822	(13,078)	(12,526)	552	7,136
Fund balance, beginning	<u>32,803</u>	<u>32,803</u>	<u>32,803</u>	<u>-</u>	<u>25,667</u>
Fund balance, ending	<u>\$39,625</u>	<u>\$19,725</u>	<u>\$20,277</u>	<u>\$ 552</u>	<u>\$32,803</u>

TOWN OF MELVILLE, LOUISIANA
Sales Tax Bonds 08/14/91 Debt Service Fund

Budgetary Comparison Schedule
For the Year Ended September 30, 2009
With Comparative Totals For the Year Ended September 30, 2008

	2009			
	Budget		Variance with	2008
	Original	Final	Final Budget Favorable (Unfavorable)	Actual
Expenditures:				
Debt service-				
Principal retirement	\$26,000	\$16,333	\$ (206)	\$38,956
Interest and fiscal charges	<u>15,200</u>	<u>2,529</u>	<u>1,912</u>	<u>2,219</u>
Total expenditures	<u>41,200</u>	<u>18,862</u>	<u>1,706</u>	<u>41,175</u>
Other financing sources:				
Transfers from 1982 Sales Tax Fund	<u>41,175</u>	<u>18,862</u>	<u>(1,706)</u>	<u>41,175</u>
Net change in fund balance	(25)	-	(3,412)	-
Fund balance, beginning	<u>17,061</u>	<u>17,061</u>	<u>-</u>	<u>17,061</u>
Fund balance, ending	<u>\$17,036</u>	<u>\$17,061</u>	<u>\$ (3,412)</u>	<u>\$17,061</u>

TOWN OF MELVILLE, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
September 30, 2009 and 2008

Records maintained by the Town indicated the following number of customers were being served during the month of September 2009 and 2008:

<u>Department</u>	<u>2009</u>	<u>2008</u>
Gas (metered)	351	379
Water	526	597
Sewer	473	487

TOWN OF MELVILLE, LOUISIANA

Schedule of Insurance in Force
(Unaudited)
September 30, 2009

<u>Description of Coverage</u>	<u>Coverage Amounts</u>
Workmen's Compensation - Employer's liability	\$ 100,000
Surety Bonds -	
Treasurer	181,000
Town clerk	181,000
Assistant clerk	181,000
Mayor	181,000
Fire, Extended Coverage, Blanket Policy: All Town buildings and contents	2,021,355
Comprehensive Liability and Collision: Fire trucks, police car, and utility vehicle	500,000
Commercial General Liability Policy	500,000
Public Officials Errors and Omissions	500,000
Law Enforcement Officers Liability Coverage	500,000

TOWN OF MELVILLE, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Departmental Analysis of Revenues and Expenses
For the Years Ended September 30, 2009 and 2008

	Totals	
	2009	2008
Operating revenues:		
Charges for services -		
Customers	\$ 474,890	\$ 500,039
Other charges	5,967	7,302
Miscellaneous -		
Other	2,562	6,113
Total operating revenues	<u>483,419</u>	<u>513,454</u>
Operating expenses:		
Salaries	63,360	50,215
Payroll taxes	4,901	18,135
Natural gas purchases	84,886	107,072
Repairs and maintenance	31,682	36,422
Insurance	37,828	32,807
Office expense	4,073	3,655
Supplies	15,739	12,351
Professional fees	15,865	10,730
Telephone	-	71
Utilities	23,229	22,359
Depreciation	171,472	171,681
Bad debts	10	14,277
Auto expense	20	1,573
Gasoline expense	4,188	7,176
Hurricane expense	4,872	4,431
Miscellaneous	11,790	13,105
Total operating expenses	<u>473,915</u>	<u>506,060</u>
Operating income	<u>9,504</u>	<u>7,394</u>
Nonoperating revenues (expenses):		
Interest income	691	543
Interest expense	(39,718)	(15,082)
Total nonoperating expenses	<u>(39,027)</u>	<u>(14,539)</u>
Loss before transfers	<u>(29,523)</u>	<u>(7,145)</u>
Transfers out	<u>(73,500)</u>	<u>(80,500)</u>
Change in net assets	<u>(103,023)</u>	<u>(87,645)</u>
Retained earnings, beginning	<u>2,808,380</u>	<u>2,896,025</u>
Retained earnings, ending	<u>\$2,705,357</u>	<u>\$2,808,380</u>

Gas		Water		Sewer	
2009	2008	2009	2008	2009	2008
\$200,670	\$216,255	\$134,720	\$139,190	\$139,500	\$144,594
2,507	3,139	1,730	2,045	1,730	2,118
<u>1,078</u>	<u>1,541</u>	<u>742</u>	<u>1,003</u>	<u>742</u>	<u>3,569</u>
<u>204,255</u>	<u>220,935</u>	<u>137,192</u>	<u>142,238</u>	<u>141,972</u>	<u>150,281</u>
20,894	16,487	21,572	16,864	20,894	16,864
1,642	1,661	1,704	15,190	1,555	1,284
84,886	107,072	-	-	-	-
3,128	3,851	4,479	2,786	24,075	29,785
12,594	10,420	12,603	12,254	12,631	10,133
317	579	3,453	2,723	303	353
997	106	9,674	10,315	5,068	1,930
2,070	2,576	9,706	7,554	4,089	600
-	71	-	-	-	-
-	-	11,456	12,175	11,773	10,184
39,414	39,414	50,784	51,059	81,274	81,208
5	6,175	5	3,974	-	4,128
-	930	20	47	-	596
1,396	2,544	1,396	2,432	1,396	2,200
-	-	2,662	1,551	2,210	2,880
<u>2,406</u>	<u>7,492</u>	<u>4,293</u>	<u>2,689</u>	<u>5,091</u>	<u>2,924</u>
<u>169,749</u>	<u>199,378</u>	<u>133,807</u>	<u>141,613</u>	<u>170,359</u>	<u>165,069</u>
<u>\$ 34,506</u>	<u>\$ 21,557</u>	<u>\$ 3,385</u>	<u>\$ 625</u>	<u>\$(28,387)</u>	<u>\$(14,788)</u>

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER MATTERS**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Pamela H. Cannatella, Mayor
and members of the Board of Aldermen
Town of Melville, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Melville, Louisiana (the Town) as of and for the year ended September 30, 2009, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated January 4, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Melville's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control. We consider the control deficiencies described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 09-1(IC) and 09-2(IC) to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that items 09-1(IC) and 09-2(IC) are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws and regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information and use of the Town's management and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
January 4, 2010

TOWN OF MELVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended September 30, 2009

Ref. No.	Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
CURRENT YEAR (9/30/09)						
<u>Internal Control:</u>						
09-1(IC)	Unknown	Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system.		Management monitors financial activity of the Town on a daily basis; the Mayor personally supervises the bookkeeping staff and all other Town personnel to strive to separate accounting functions as much as possible. The Town also utilizes an accounting firm to provide some services related to improving internal controls.	Jessica Landry, Town Clerk	N/A
09-2(IC)	2008	Although the Town of Melville has made good progress in adopting policies and procedures, it should continue to seek improvements and develop policies and procedures for cash receipts, customer utility accounts, contracts, and capital assets.		The Town of Melville is continuing efforts to address these issues and develop policies and procedures in these areas.	Jessica Landry, Town Clerk	09/30/10

(continued)

TOWN OF MELVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings and Corrective Action Plan (continued) Year Ended September 30, 2009

Ref. No.	Finding Initially Occurred PRIOR YEAR (9/30/08) Compliance:	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
08-1(C)	2001	The Town failed to comply with its Gas and Sewer Bond agreements with the United States Department of Agriculture by failing to collect revenues sufficient to provide funds for debt service requirements.	Yes	The Town of Melville complied with its Sewer Bond Agreement by adequately funding its debt service sinking, reserve and depreciation and contingency accounts. The Gas Bond was retired in 2008.	Jessica Landry, Town Clerk	09/30/09
<u>Internal Control:</u>						
08-2(IC)	2008	Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system.	Partial	See finding 09-1 (IC).	Jessica Landry, Town Clerk	9/30/2009
08-3(IC)	2008	The Legislative Auditor of the State of Louisiana conducted a limited review of the financial records of the Town during 2008. There were numerous findings related to internal controls and compliance issues. The significant findings of the report included deficiencies in written policies and procedures, noncompliance with the ethics plan as it relates to the mayor, purchasing and disbursements, customer utility accounts, payroll and personnel, traffic tickets, and contracts. During our audit, we confirmed the findings noted above.	Partial	The Town is still in the process of adopting written policies and procedures for budgeting, financial reporting, investing cash, cash receipts, customer utility accounts, purchasing, contracts, accounts payable, payroll and personnel, capital assets, travel, credit cards, cellular telephones, fuel inventories, police operations, computer security and retention of records. All of these areas have been addressed to some extent and the improvement can be seen in the improved financial condition of the Town.	Jessica Landry, Town Clerk	09/30/09

(continued)

TOWN OF MELVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (Continued)
Year Ended September 30, 2009

Ref. No.	Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<u>PRIOR YEAR (9/30/08)</u> <u>Management Letter:</u>						
08-4(ML)	1998	The Town of Melville should closely monitor expenditures and expenses in all areas in order to meet its current and long-term obligations.	Yes	The Town of Melville has improved its financial condition in 2009 to the point that accounts payable are current, its long term debts for street improvements have been retired, and it is complying with its Sewer Bond Agreement by funding its debt service accounts. The Town will, however, continue to monitor its revenues and expenditures in order to maintain its improved financial condition.	Jessica Landry, Town Clerk	09/30/09